

PHILIP MORRIS USA

INTER-OFFICE CORRESPONDENCE

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TO: Mike Mahan / Bob Mikulay

DATE: August 26, 1993

FROM: Tom Garguilo/Sonya Rush/Giuseppe D'Alessandro

SUBJECT: Basic Non-Filter Direct Mailing to Pall Mall Smokers

Per your request, we've investigated various direct mail programs using Basic Non-Filter to target Pall Mall smokers.

In summary, we recommend a live product mailing of 5 packs in a carrier similar to the attached. Basic Non-Filter has weak distribution (<40%) and any other trial vehicle (coupon for free product) is likely to frustrate a high percentage of the recipients.

We would also include:

- a letter on Basic stationary (copy forthcoming) which would speak to our product attributes in a manner consistent with our brand character
- a coupon toward their first purchase (\$2 off a carton?)
- a "Please order Basic Non-Filter" card to leave with their favorite cigarette retailer if the retailer does not carry the packing

The cost of executing this program would be approximately \$1.2 million assuming we mail to all of the 333,000 Pall Mall smokers on the database that are classified as "Non-Filter" or "Unknown". In addition, there are about 100,000 Filter Pall Mall smokers on the database to whom we could send the same kind of mailing, substituting Basic Full Flavor for the Non-Filter packs.

I'm still confirming timing, but my best guess is that such a mailing could be in Pall Mall smokers hands in early-mid October.

$$\begin{array}{r} 16431 - \text{alt. pack} \\ \hline 154266 \end{array} = 10.8\%$$

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